

Message Text

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ACTION OPR-02

INFO OCT-01 ARA-10 ISO-00 PER-03 ABF-01 FSE-00 AID-05
USIA-15 AGRE-00 COME-00 OMB-01 TRSE-00 SSO-00 /038 W
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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 3716

INFO DEPARTMENT OF DEFENSE WASHDC

UNCLAS SANTIAGO 1799

EO 11652: NA

TAGS: ALLOW, AFSP, AFIN, EFIN, CI

SUBJ: REVALUATION OF THE CHILEAN PESO AND ITS EFFECT ON ALLOWANCES

DOD FOR PER DIEM AND TRAVEL ALLOWANCE COMMITTEE

1. EFFECTIVE MARCH 5, 1977, THE CHILEAN PESO WAS REVALUED REPEAT
REVALUED BY TEN POINT ZERO THREE PER CENT. ACCORDINGLY, ON
THIS DATE, THE EXCHANGE RATE CHANGD FROM PESOS 19.75 TO
PESOS 17.77 TO U.S. \$1.00. IN VIEW OF THE IMMEDIATE IMPACT
THIS ACTION WILL HAVE ON POCKETBOOKS OF ALL AMERICAN PERSONNEL,
EMBASSY REQUESTS REVIEW ON URGENT BASIS OF ALLOWANCES FOR BOTH
CIVILIAN AND MILITARY PERSONNEL, AS FOLLOWS:

2. LIVING QUARTERS ALLOWANCE:

CURRENT LQA RATES FOR CIVILIAN PERSONNEL WERE APPROVED 11/21/76
AND FOR MILITARY PERSONNEL ON 1/21/77. EMBASSY SUGGESTS UPWARD
ADJUSTMENT BE MADE BASED ON RATIO TO TOTAL ALLOWANCE OF 73 PER
CENT RENT AND 27 PER CENT UTILITIES. WE REQUEST FOREGOING
ADJUSTMENT PENDING THE SUBMISSION OF YET ANOTHER LIVING
QUARTERS COST REPORT TO BE PREPARED SHORTLY FOR BOTH CIVILIAN
AND MILITARY PERSONNEL. (FYI: THERE HAS BEEN A SIGNIFICANCE
RISE IN THE COST OF RENTALS FOR RECENT OCCUPANTS AS WELL AS
INCREASE IN THE COST OF UTILITIES AS COMPARED TO OUR MOST
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RECENT REPORT OF LIVING QUARTERS COST SUBMITTED 10/22/76 FOR
CIVILIAN PERSONNEL AND 11/19/76 FOR MILITARY PERSONNEL. MOREOVER,
THOSE WHO ARE NOW SEARCHING FOR PERMANENT HOUSING CAN EXPECT TO
PAY AT LEAST TEN PER CENT MORE RENT THAN WHAT WAS BEING ASKED
LAST WEEK SINCE ALL LEASES ARE WRITTEN FOR PAYMENT IN PESOS
BASED ON A STATED UNITED STATES DOLLAR VALUE).

3. COST OF LIVING ALLOWANCE:

A. CIVILIAN PERSONNEL:

OUR MOST RECENT RETAIL PRICE SCHEDULE WAS SUBMITTED 2/14/77 AND WAS ACKNOWLEDGED ON 2/23/77. AT THE TIME OF SUBMISSION, WE REQUESTED THAT EXCHANGE RATE OF PESOS 18.87 EQUALS US \$1.00 BE USED. IN VIEW OF REVALUATION, THE EXCHANGE RATE OF PESOS 17.77 (RATE EFFECTIVE ON 3/5/77) SHOULD BE USED TO CALCULATE COSTS IN UNITED STATES DOLLARS WHEN COMPUTING THE COST OF LIVING INDEX FOR CHILE. (WE EXPECT PRICES WILL CONTINUE TO CREEP UP, ALTHOUGH, HOPEFULLY, AT A SLOWER RATE THAN HERETOFORE, AND WE WILL WATCH THE SITUATION CLOSELY DURING THE NEXT FEW WEEKS. IF THERE IS A SIGNIFICANT RISE IN PRICE LEVELS, EMBASSY WILL AGAIN UNDERTAKE ANOTHER RETAIL PRICE SURVEY).

?. MILITARY PERSONNEL:

SEE COMMENTS UNDER 3.A, ABOVE. SINCE MILITARY PERSONNEL WERE AUTHORIZED A COLA EFFECTIVE 2/28/77 BASED ON THE RETAIL PRICE SCHEDULE SUBMITTED TO WASHINGTON ON 10/22/76 PLUS ADDITIONAL DATA PROVIDED BY MILGP/CHILE BY LETTER DATED 2/2/77, EMBASSY REQUESTS IMMEDIATE UPWARD ADJUSTMENT TO REFLECT THE 10.03 PER CENT REVALUATION OF THE PESO. FURTHER, WE EXPECT ANOTHER ADJUSTMENT IS IN ORDER BASED ON THE RETAIL PRICE SCHEDULE SUBMITTED ON 2/14/77 AS DISCUSSED UNDER 3.A, ABOVE.
POPPER

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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